



**UNIVERSITI PUTRA MALAYSIA**

**CAPABILITY AND POTENTIALS OF RESPONSIBILITY CENTRES  
UNDER THE IMPLEMENTATION OF DECENTRALISATION POLICY**

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**By**

**ZANARIAH MOHD NOR**

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**April 2001**

**Chairman : Assoc. Prof. Dr. Turiman Suandi**

**Faculty : Educational Studies**

The introduction of a decentralised system in a public university in 1995 was geared for capacity building of Responsibility Centres (RCs) in overcoming some limitations of the centralised administrative system. The decentralised system did not seem to achieve its objectives when several problems emerged. The study was an attempt to examine the capability and potentials of RCs in administering and managing academic and support functions under the decentralised system in a public university. The model of public policy, administration and finance by Rondinelli *et al* (1989, 1984) was used to guide the study process.

The study adopted a quantitative and a modified qualitative approach. The study population comprised administrators at the academic RCs. A total of 99 respondents and 16 informants were involved. The quantitative and qualitative approaches respectively. A self-administered questionnaire was used for the quantitative approach while the semi-structured interview was used for the qualitative approach. The quantitative data were analysed using the Statistical Package for Social Science ver 7.5 while the qualitative data were analysed using the Ethnograph ver 5.

Under the decentralised system, the study found that the RCs encountered several constraints related to bureaucratic, organisational and resources factors. The

central management tended to provide insufficient empowerment and administrative assistance to RCs to undertake the increased workloads and responsibilities. This problem was exacerbated with inadequate documentation on policies, regulations, procedures and strategies to guide RCs. The central management seemed unable to provide adequate resources to RCs to operationalise the assigned functions.

In spite of the shortcomings, the RCs seemed to have high capability and potentials in administering and managing the resource management and faculty administration and management; and the academic functions. The RCs had moderate capability and potentials in administering and managing other functions such as research; the development and maintenance of physical facilities; and students development, admission and welfare; and consultancy and community services. Some RCs seemed to be better than others in administering and managing three functions i.e. resource management; and faculty administration and management; and students development, admission and welfare. About one-half of administrators were clear with the objectives of academic and support functions. They also showed different levels of clarity towards the objectives.

The study discovered that, to some extent, the decentralised system had potentials to consolidate the university governance. Being empowered and held accountable seemed to have built strengths in RCs viability to seize opportunity to generate incomes and adopt several coping strategies in mitigating the constraints faced.

There is a need for the university to review the factors related to bureaucratic, organisational, and resources to ensure the policy would consolidate capacity building of RCs in governing its various functions. The central management should strongly support and commit itself to adequately empower RCs to discharge their functions. The effort should be supported with sufficient documents to guide RCs with pragmatic

decentralisation concepts and principles as an effective monitoring system. The RCs also should be provided with adequate resources to ensure the efficiency and effectiveness of governance.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai  
Memenuhi keperluan untuk Ijazah Master Sains

**KEUPAYAAN DAN POTENSI PUSAT TANGGUNGJAWAB  
DI BAWAH PELAKSANAAN POLISI DESENTRALISASI**

Oleh

**ZANARIAH MOHD NOR**

April 2001

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Pelaksanaan sistem desentralisasi di sebuah universiti awam adalah bermatlamat untuk membina kapasiti Pusat Tanggungjawab (PTJ) dalam mengatasi kekangan sistem pentadbiran berpusat. Beberapa masalah yang timbul menunjukkan matlamatnya tidak dicapai sepenuhnya. Kajian ini bertujuan untuk menilai keupayaan dan potensi PTJ dalam mentadbir dan mengurus fungsi-fungsi akademik dan sokongan di bawah sistem desentralisasi di sebuah universiti awam. Model pentadbiran awam dan keewangan oleh Rondinelli *et al.* (1989; 1984) digunakan bagi membantu proses kajian.

Kajian ini menggunakan pendekatan kuantitatif dan kualitatif yang diubahsuai. Populasi kajian adalah para pentadbir PTJ akademik. Pendekatan kuantitatif melibatkan 99 responden manakala pendekatan kualitatif melibatkan 16 informan. Pendekatan kuantitatif menggunakan borang soal-selidik manakala pendekatan kualitatif menggunakan temubual berpandu. Data kuantitatif dianalisis menggunakan Statistical Package for Social Science versi 7.5. Data kualitatif dianalisis menggunakan Ethnograph versi 5.

Kajian mendapati PTJ mengalami beberapa kekangan yang dikategorikan sebagai faktor-faktor birokrasi, organisasi dan sumber. Pihak atasan nampaknya tidak

memberikan pengupayaan dan bantuan pentadbiran yang sejajar dengan beban yang dipertanggungjawabkan kepada PTJ. Dokumentasi polisi desentralisasi, peraturan dan strategi didapati tidak mencukupi sebagai garispanduan kepada PTJ. Pihak atasan juga didapati gagal menyediakan sumber yang mencukupi kepada PTJ untuk merealisasikan fungsi-fungsi yang diserahkan.

Di sebalik kekangan-kekangan yang dialami, di dapati PTJ mempunyai keupayaan dan potensi yang tinggi dalam mentadbir dan menguruskan sumber; fakulti; dan fungsi-fungsi akademik. PTJ hanya mempunyai keupayaan dan potensi sederhana dalam mentadbir dan mengurus fungsi-fungsi penyelidikan; pembangunan dan penyelenggaraan kemudahan fizikal; pembangunan, kemasukan dan kebajikan pelajar; dan perkhidmatan konsultan dan komuniti. Beberapa PTJ didapati mempunyai keupayaan dan potensi yang lebih baik dalam mentadbirkan dan menguruskan sumber; fakulti; dan fungsi pembangunan kemasukan dan kebajikan pelajar. Hampir 50.0 peratus para pentadbir PTJ jelas terhadap objektif-objektif bagi fungsi-fungsi akademik dan sokongan, dan mereka menunjukkan tahap kejelasan yang berbeza terhadap objektif-objektif tersebut.

Kajian mendapati pelaksanaan polisi ini mempunyai potensi mengukuhkan pengurusan dan pentabiran universiti. Pengupayaan dan akauntabili PTJ nampaknya memberi kekuatan dalam mengukuhkan kemandirian setiap PTJ untuk mengumpulkan pendapatan dan mempraktikkan beberapa strategi bagi mengurangkan kekangan-kekangan yang dialami.

Adalah satu keperluan bagi pihak pentadbir universiti untuk meneliti setiap faktor-faktor birokrasi, organisasi dan sumber bagi memastikan polisi ini mengukuhkan pembangunan kapasiti PTJ dalam pentadbiran fungsi-fungsi yang diserahkan. Pihak atasan perlu menyokong dan memberi komitmen untuk memberi pengupayaan yang mencukupi kepada PTJ. Usaha ini perlu disokong dengan dokumentasi konsep dan

prinsip polisi desentralisasi yang praktikal dan mencukupi sebagai sistem pemantaun berkesan. Penyaluran sumber yang mencukupi kepada PTJ perlu bagi memastikan pentadbiran yang cekap dan berkesan.



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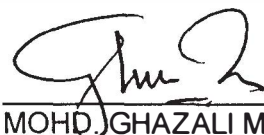
I certify that an Examination Committee met on 26th April, 2001 to conduct the final examination of Zanariah Mohd Nor on her Master of Science thesis entitled "Capability and Potentials of Responsibility Centres Under the Implementation of Decentralisation Policy" in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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## DECLARATION FORM

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.



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## CHAPTER 1

### INTRODUCTION

The decentralisation movement has been a popular agenda in reformation, development, building and consolidating the capacity of both local and central administration in provision of services within bureaucracy constraints in various sectors nationwide (Hirschmann, 1999). Ideally, the most attractive feature of decentralisation policy, is a win-win situation that benefits the locals and central management. Whereby, it umbrellas various fundamental values like liberty, equality, fraternity and efficiency that is institutionalised within the development and economic growth, resource mobilisation and allocation, productivity, self-reliance, self-sufficiency, democracy and accountability (Swanson, 1989; Faguet, 1997).

Rondinelli (1981) broadly defined decentralisation as the transfer of responsibility for planning, management, and raising and allocating resources from the central government and its agencies to: (a) field units of central government ministries and agencies, (b) subordinate units or levels of government, (c) semi-autonomous public authorities or corporations, (d) areawide, regional or functional authorities, or (e) non-governmental private or voluntary organisations. Decentralisation policy entails primarily on distribution of authority and responsibility in decision-making, mobilisation of

resources and accountability framework that is required by the operating units to perform the offloaded functions by the central administration (Manor, 1997). The objectives of decentralisation are divided into three broad categories that are related to the political or democratic, institutional or administrative and economic or fiscal policies. The objectives are usually in a mix form of either two or all types (Rahman Khan, 1997; Parker, 1995) that attempt to address overlapping objectives which occasionally are conflicting (Mohanty, 1995). Yet, a mixed of all types noted by Manor (1997) is compulsory to gain significant benefit of the policy.

Regardless of claimed “democracy”, most impetus and survival of decentralisation were heavily inspired by the upheavals of politics and economy than the democracy itself. This was demonstrated in Japan (Takao, 1999), Sri Lanka (Slater, 1997), Indonesia (Gabriele, 1999; Devas, 1997), Bangladesh (Rahman and Khan, 1997), New Zealand (McGrath, 1997), Nigeria (Slater, 1990), Phillipine, Bolivia, Honduras, Karnataka, Ukraine and Mali (Blair, 1997). Several bureaucratic factors were found to strongly influence the success of the policy implementation in these countries; whereby, the central governments often not wanting to devolve any real power to the locals; and if there existed significant devolution, it created disproportionate share of benefits. Thus, the national politicians and civil servants commonly settled for deconcentration that is hidden behind the formality of devolution. In extreme cases, it can cause adverse impact to beneficiaries as the programmes and activities failed to achieve the intended objective (Gabriele, 1999; Rahman and Khan, 1997; Devas, 1997; Semboja and Therkildsen, 1994; Silverman, 1990; Rondinelli and Cheema, 1983).

In Bolivia’s Law of Popular Participation, the inappropriate leadership norms; low capacity level of the municipalities to undertake decentralised functions; locals’ failure to play an active role to pursue development work; central government’s delays and increase costs were among the factors which caused failures in reaching sound decisions for municipal planning and management. Yet, it promoted

democratic government and accountability of the locals (Gannitsos, 1999; Pierce, 1998). In a comparative study of decentralisation policy implementation in agricultural extension services in Java, Indonesia, Waridin (1999) reported that the policy was not effectively executed at the implementation level. The decentralised units received inadequate support from district government bureaucracies and weak co-ordination among the related agencies. The scarcity of resources and acute shortage of qualified agricultural officers at the implementing units reduced their commitment in executing the extension and activities effectively.

The decentralisation of the National Health Services (NHS) in England, hindered the implementing units (the Primary Care Groups, PCGs) in performing its' functions well. This was due to unclearly defined boundaries to exercise power and responsibility; and inconsistently received necessary facilitation and direction from the Health Authority (HA) that caused unequal development growth among the PCGs. The system's flexibility failed to address diversity issues of the PCGs but initiated conflict of interest that induced inconsistency in aims, objectives, structure and outcome which contradict from the central unit (Hudson, 1999; Mays *et al.*, 1998; Taylor *et al.*, 1998). Non-existence of apt structure in a decentralised system was detrimental to the policy implementation. Restrictions in exercising authority to manage the project capital, complicated procedures and interventions in retrieving the funds prohibited the adequate supply of funds to the development projects (Slater, 1997). Devas (1997) reported that rigid grant system prevented the decentralised units to achieve mixture of resources. Hence, absence of an appropriate structure will effect on the financial viability of the decentralised units.

Decentralisation system in various settings disclosed that shortage of human resources and deficiency in managerial and communication skills and competence among personnel (managers, decentralised officers and staff) obstructed them to carry out the heavy responsibilities (Hudson, 1999; Mays *et al.*, 1998; Taylor *et al.*, 1998, Devas, 1997; Lillis, 1990). Absence of incentives, threat to self-interest and

professionalisation compounded with sustainable and heavy workloads experienced by the personnel will detrimentally reduce their support and commitment towards the policy implementation. Among the consequences were inequalities of resource distribution and services (Rahman and Khan, 1997), less participation (Hudson, 1999), and the reluctance of senior administrators to delegate authority to decentralised officers (Nsaliwa, 1996). Nsaliwa (1996) also noted that lack of consistent interest and support from the beneficiaries and stakeholders also hampered the policy implementation.

### **Decentralisation in the Education Sector**

Decentralisation in educational policies was appropriately viewed as a means of reducing abstraction in decision-making, clarifying lines of accountability, identifying and responding to problems more quickly, and promoting innovation. It also created partnership between the locals and the government. This bolsters local willingness to support locally governed schools and becoming highly accountable for their own educational necessities and promoted efficiency that resulted in better schools (Kemmerer, 1994, Windham, 1992, Rondinelli *et al* , 1990, Ranson, 1990). A study done by Lunenburg and Ornstein (1996) revealed that the professional educators see a greater need to reduce school bureaucracy. Thus by accepting decentralisation it allows them to retain power and make much better academic decisions.

Decentralisation in education is broadly defined by Kemmerer (1994) as the transfer of authority (and responsibility) for the financing or governance of schools to a subnational agency. Decentralisation according to Lunenburg and Ornstein (1996) divides the schools system into smaller units, yet the focus of power and authority remains in a single central administration and board of education. The policy, hence, creates more centres with more opportunity and preferences that served and reflected different levels of the local interest, needs and priorities (Naisbitt, 1982).

Responsibility Centre Management (RCM) is an entity that signified the decentralisation effort in public and private Institutions of Higher Learning (IHLs). The impetus of RCM is to address fragmentation in governance and managing limited resources prudently in provision of quality services (Lazerson, 1997; The RCM Committee Members of IUB, 1996). Decentralised decision-making in the RCM allows flexibility in governance of financial resources that assisted prompt act in pursuing the university mission and objectives. It's potential to produce prosperous outcome such as rationality, efficiency and increase of productivity has positioned RCM as a popular agenda in public or private IHLs in several countries (Adams, 1997; Stocum and Rooney, 1997; Plater, 1996; 1996a).

Anon (1996) stressed that the RCM is an operational decentralisation which is to support the successful achievement of institutions academic priorities by aligning operational authority commensurate with operational responsibility. While, Stocum and Rooney (1997) defined RCM as a financial management model that decentralised fiscal authority and responsibility. By transferring significant financial decision-making power to the academic units that generate university revenues, RCM enables these units to become directly involved in the resource management and more accountable for outcomes. The RCM places responsibility closest to people who knows most about the decisions. Thus, with delegation of authority and responsibility, it provides the "identified people" the ability to make competent financial decision (Anne Mai, 1996). Under the RCM, the fiscal responsibility is a shared responsibility and accountability to the provost or vice chancellor as well as to the deans, department chairs and the faculty (Stocum and Rooney, 1997). Plater (1996) indicated that, under RCM, a faculty is viewed as a university.

The introduction of the RCM concept contributes to incentives of increasing and enhancing performance of the university with high quality system. It is an avenue to ensure that shared visions of academic excellence of each entity of the university operates to accomplish their objectives and in consensus striving to



achieve the missions and visions of IHL under the leadership of the vice chancellor (Stocum and Rooney, 1997; Lefstein, 1996; Overly, 1996; Reafnsyder, 1996; Plater, 1996a; 1996b; The RCM Committee Members of IUB, 1996; Robbins and Rooney, 1995; Whalen, 1991). It is strongly recommended to IHLs that undertake corporatisation as it practices empowerment that transfer authority and responsibility of managing and mobilising resources through the entrepreneurship spirit, strategic planning and budgeting process. It enables the operating units to heighten their efficiency, effectiveness and accountability in performance and in provision of services and products (Stocum and Rooney, 1997; Plater, 1996; Osborne and Gaebler, 1992).

Lazerson (1997) claimed that the RCM was difficult to be implemented and to be maintained by self-sufficient units as it could caused “violation of academic freedom. Operating without constraint, the entrepreneurship spirit advocated under RCM could adversely become a threat and caused complication to pursue a common academic vision and goals. Several major downsides identified were the entrepreneurship spirit will influence the selection of activities, the turf interest of the entities distorted their judgement on educational needs of students and intense competition for students among the entities (Stocum and Rooney, 1997; Adams, 1997).

Low in clarity towards the defined roles and duties, decision-making process and the ultimate outcomes of the implementation caused the administrators to become perplex and apprehensive. As a repercussion, they become uncertain and uninterested to substantiate the implementation of RCM. The deans also were with insufficient knowledge and expertise to administer the decentralised unit and to execute the resource management. The deficiency exacerbated by inadequate training and technical assistance received from the central administration. Increased of staff workloads and constraints of time obstruct the operating units in executing the decentralised functions effectively and efficiently. These impediments discovered